

AMENDED IN ASSEMBLY AUGUST 20, 2007

AMENDED IN ASSEMBLY JULY 17, 2007

AMENDED IN ASSEMBLY JULY 5, 2007

AMENDED IN SENATE MAY 9, 2007

SENATE BILL

No. 730

Introduced by Senator Florez

February 23, 2007

An act to amend Sections 19801, 19805, ~~19851~~, 19853, 19854, 19867, ~~and 19876~~ 19876, *and 19951* of the Business and Professions Code, and to add Section 336.5 to the Penal Code, relating to gambling.

LEGISLATIVE COUNSEL'S DIGEST

SB 730, as amended, Florez. Gambling: licenses.

(1) The Gambling Control Act provides for the licensure of certain individuals and establishments involved in various gambling activities, and for the regulation of those activities, by the California Gambling Control Commission. Existing law provides for the enforcement of those activities by the Division of Gambling Control within the Department of Justice.

Existing law requires certain persons employed in the operation of a gambling enterprise, known as key employees, to apply for and obtain a key employee license. Existing law requires that licenses issued to key employees be for specified positions only, and that the positions be enumerated on an endorsement on the license. *Existing law requires a key employee license to be endorsed on the license that is issued to the owner of the gambling enterprise.*

This bill would delete the requirement that licenses issued to key employees be for specified positions only, *and would delete the*

requirement that those licenses be endorsed on the owner's license, as specified. The bill would provide that a key employee license shall entitle the holder to work as a key employee in any key employee position at any gambling establishment, provided that the key employee terminates employment with one gambling establishment before commencing work for another. ~~It would require a gambling establishment to notify the commission when the employment of a key employee terminates. The bill would require a licensed key employee to notify the commission when transferring employment from one gambling establishment to another within 10 days after the transfer and to report in writing, under penalty of perjury, the reasons for which the prior employment was terminated. By increasing the circumstances in which the penalty of perjury may apply, the bill would expand an existing crime and would thereby impose a state-mandated local program. The bill would also require the commission to adopt, on or before July 1, 2008, a transferable license, establish a program for portable personal licenses for key employees, and would require the commission to seek to implement that program on or before July 1, 2008. The bill would also revise and recast the term "original license" as "initial license," as specified.~~

(2) Existing law requires that an application for a license or a determination of suitability be accompanied by a deposit that, in the judgment of the Director of the Division of Gambling Control, will be adequate to pay the anticipated costs and charges incurred in the investigation and processing of the application. Existing law requires the director to adopt a schedule of costs and charges of investigation for use as guidelines in fixing the amount of any required deposit under these provisions.

This bill would require that schedule to distinguish between ~~original~~ *initial* and renewal licenses with respect to costs and charges.

(3) Existing law requires that a gambling license be renewed annually, or for a longer period that the commission may set, not to exceed 2 years, upon proper application for renewal and payment of state gambling fees as required by statute or regulation.

This bill would require, instead, that a gambling license be renewed upon application for renewal and payment of state gambling fees as required by statute or regulation. The bill would provide that licenses renewed on or before July 31, 2008, shall be for the renewal period in effect at the time of the renewal but shall not expire any sooner than 15 months after the approval of the renewal application, and that licenses

renewed on or after August 1, 2008, shall expire 24 months after the date of the approval of the renewal application or after the expiration of the prior license, whichever is later. ~~It would require that, if the renewal term for a license commences after the expiration date of the prior license, the licensee pay, in addition to the application fee, an amount equal to $\frac{1}{12}$ of the application fee for each month between the expiration date of the prior license and the effective date of the renewed license.~~

(4) Existing law requires every gambling license application to be accompanied by a nonrefundable fee of \$500, which is assessed against the gambling license issued to the owner of the gambling establishment.

This bill would require that fee be raised by regulation, not to exceed \$1,200, by January 1, 2009, and would exempt key employee licenses from the above-described assessment, as specified.

~~(4)~~

(5) The bill would provide that gaming chips may be used on the gaming floor by a patron of a gambling establishment, as defined, to pay for food and beverage items that are served at the table.

~~(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: ~~yes~~ no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19801 of the Business and Professions
- 2 Code is amended to read:
- 3 19801. The Legislature hereby finds and declares all of the
- 4 following:
- 5 (a) State law prohibits commercially operated lotteries, banked
- 6 or percentage games, and gambling machines, and strictly regulates
- 7 parimutuel wagering on horse racing. To the extent that state law
- 8 categorically prohibits certain forms of gambling and prohibits
- 9 gambling devices, nothing herein shall be construed, in any manner,
- 10 to reflect a legislative intent to relax those prohibitions.
- 11 ~~(b) Gambling can become addictive and is not an activity to be~~
- 12 ~~promoted or legitimized as entertainment for children and families.~~

1 ~~(e) Unregulated gambling enterprises are inimical to the public~~
2 ~~health, safety, welfare, and good order. Accordingly, no person in~~
3 ~~this state has a right to operate a gambling enterprise except as~~
4 ~~may be expressly permitted by the laws of this state and by the~~
5 ~~ordinances of local governmental bodies.~~

6 ~~(d)~~

7 (b) The State of California has permitted the operation of
8 gambling establishments for more than 100 years. Gambling
9 establishments were first regulated by the State of California
10 pursuant to legislation which was enacted in 1984. Gambling
11 establishments currently employ more than 20,000 people in the
12 State of California, and contribute more than one hundred million
13 dollars (\$100,000,000) in taxes and fees to California's
14 government. Gambling establishments are lawful enterprises in
15 the State of California, and are entitled to full protection of the
16 laws of this state. ~~The industry is currently in significant decline,~~
17 ~~with more than one-half of the gambling establishments in this~~
18 ~~state closing within the past four years.~~

19 (c) *Gambling can become addictive and is not an activity to be*
20 *promoted or legitimized as entertainment for children and families.*

21 (d) *Unregulated gambling enterprises are inimical to the public*
22 *health, safety, welfare, and good order. Accordingly, no person*
23 *in this state has a right to operate a gambling enterprise except*
24 *as may be expressly permitted by the laws of this state and by the*
25 *ordinances of local governmental bodies.*

26 (e) It is the policy of this state that gambling activities that are
27 not expressly prohibited or regulated by state law may be prohibited
28 or regulated by local government. Moreover, it is the policy of this
29 state that no new gambling establishment may be opened in a city,
30 county, or city and county in which a gambling establishment was
31 not operating on and before January 1, 1984, except upon the
32 affirmative vote of the electors of that city, county, or city and
33 county.

34 (f) It is not the purpose of this chapter to expand opportunities
35 for gambling, or to create any right to operate a gambling enterprise
36 in this state or to have a financial interest in any gambling
37 enterprise. Rather, it is the purpose of this chapter to regulate
38 businesses that offer otherwise lawful forms of gambling games.

39 (g) Public trust that permissible gambling will not endanger
40 public health, safety, or welfare requires that comprehensive

1 measures be enacted to ensure that gambling is free from criminal
2 and corruptive elements, that it is conducted honestly and
3 competitively, and that it is conducted in suitable locations.

4 (h) Public trust and confidence can only be maintained by strict
5 and comprehensive regulation of all persons, locations, practices,
6 associations, and activities related to the operation of lawful
7 gambling establishments and the manufacture and distribution of
8 permissible gambling equipment.

9 (i) All gambling operations, all persons having a significant
10 involvement in gambling operations, all establishments where
11 gambling is conducted, and all manufacturers, sellers, and
12 distributors of gambling equipment must be licensed and regulated
13 to protect the public health, safety, and general welfare of the
14 residents of this state as an exercise of the police powers of the
15 state.

16 (j) To ensure that gambling is conducted honestly, competitively,
17 and free of criminal and corruptive elements, all licensed gambling
18 establishments in this state must remain open to the general public
19 and the access of the general public to licensed gambling activities
20 must not be restricted in any manner, except as provided by the
21 Legislature. However, subject to state and federal prohibitions
22 against discrimination, nothing herein shall be construed to
23 preclude exclusion of unsuitable persons from licensed gambling
24 establishments in the exercise of reasonable business judgment.

25 (k) In order to effectuate state policy as declared herein, it is
26 necessary that gambling establishments, activities, and equipment
27 be licensed, that persons participating in those activities be licensed
28 or registered, that certain transactions, events, and processes
29 involving gambling establishments and owners of gambling
30 establishments be subject to prior approval or permission, that
31 unsuitable persons not be permitted to associate with gambling
32 activities or gambling establishments, and that gambling activities
33 take place only in suitable locations. Any license or permit issued,
34 or other approval granted pursuant to this chapter, is declared to
35 be a revocable privilege, and no holder acquires any vested right
36 therein or thereunder.

37 (l) The location of lawful gambling premises, the hours of
38 operation of those premises, the number of tables permitted in
39 those premises, and wagering limits in permissible games
40 conducted in those premises are proper subjects for regulation by

1 local governmental bodies. However, consideration of those same
2 subjects by a state regulatory agency, as specified in this chapter,
3 is warranted when local governmental regulation respecting those
4 subjects is inadequate or the regulation fails to safeguard the
5 legitimate interests of residents in other governmental jurisdictions.

6 (m) The exclusion or ejection of certain persons from gambling
7 establishments is necessary to effectuate the policies of this chapter
8 and to maintain effectively the strict regulation of licensed
9 gambling.

10 (n) Records and reports of cash and credit transactions involving
11 gambling establishments may have a high degree of usefulness in
12 criminal and regulatory investigations and, therefore, licensed
13 gambling operators may be required to keep records and make
14 reports concerning significant cash and credit transactions.

15 SEC. 2. Section 19805 of the Business and Professions Code
16 is amended to read:

17 19805. As used in this chapter, the following definitions shall
18 apply:

19 (a) “Affiliate” means a person who, directly or indirectly through
20 one or more intermediaries, controls, is controlled by, or is under
21 common control with, a specified person.

22 (b) “Applicant” means any person who has applied for, or is
23 about to apply for, a state gambling license, a key employee license,
24 a registration, a finding of suitability, a work permit, a
25 manufacturer’s or distributor’s license, or an approval of any act
26 or transaction for which the approval or authorization of the
27 commission or division is required or permitted under this chapter.

28 (c) “Banking game” or “banked game” does not include a
29 controlled game if the published rules of the game feature a
30 player-dealer position and provide that this position must be
31 continuously and systematically rotated amongst each of the
32 participants during the play of the game, ensure that the
33 player-dealer is able to win or lose only a fixed and limited wager
34 during the play of the game, and preclude the house, another entity,
35 a player, or an observer from maintaining or operating as a bank
36 during the course of the game. For purposes of this section, it is
37 not the intent of the Legislature to mandate acceptance of the deal
38 by every player if the division finds that the rules of the game
39 render the maintenance of or operation of a bank impossible by
40 other means. The house shall not occupy the player-dealer position.

1 (d) “Commission” means the California Gambling Control
2 Commission.

3 (e) “Controlled gambling” means to deal, operate, carry on,
4 conduct, maintain, or expose for play any controlled game.

5 (f) “Controlled game” means any controlled game, as defined
6 by subdivision (e) of Section 337j of the Penal Code.

7 (g) “Director,” when used in connection with a corporation,
8 means any director of a corporation or any person performing
9 similar functions with respect to any organization. In any other
10 case, “director” means the Director of the Division of Gambling
11 Control.

12 (h) “Division” means the Division of Gambling Control in the
13 Department of Justice.

14 (i) “Finding of suitability” means a finding that a person meets
15 the qualification criteria described in subdivisions (a) and (b) of
16 Section 19857, and that the person would not be disqualified from
17 holding a state gambling license on any of the grounds specified
18 in Section 19859.

19 (j) “Game” and “gambling game” means any controlled game.

20 (k) “Gambling” means to deal, operate, carry on, conduct,
21 maintain, or expose for play any controlled game.

22 (l) “Gambling enterprise employee” means any natural person
23 employed in the operation of a gambling enterprise, including,
24 without limitation, dealers, floor personnel, security employees,
25 countroom personnel, cage personnel, collection personnel,
26 surveillance personnel, data-processing personnel, appropriate
27 maintenance personnel, waiters and waitresses, and secretaries, or
28 any other natural person whose employment duties require or
29 authorize access to restricted gambling establishment areas.

30 (m) “Gambling establishment,” “establishment,” or “licensed
31 premises,” except as otherwise defined in Section 19812, means
32 one or more rooms where any controlled gambling or activity
33 directly related thereto occurs.

34 (n) “Gambling license” or “state gambling license” means any
35 license issued by the state that authorizes the person named therein
36 to conduct a gambling operation.

37 (o) “Gambling operation” means exposing for play one or more
38 controlled games that are dealt, operated, carried on, conducted,
39 or maintained for commercial gain.

(p) “Gross revenue” means the total of all compensation received for conducting any controlled game, and includes interest received in payment for credit extended by an owner licensee to a patron for purposes of gambling, except as provided by regulation.

(q) “Hours of operation” means the period during which a gambling establishment is open to conduct the play of controlled games within a 24-hour period. In determining whether there has been expansion of gambling relating to “hours of operation,” the division shall consider the hours in the day when the local ordinance permitted the gambling establishment to be open for business on January 1, 1996, and compare the current ordinance and the hours during which the gambling establishment may be open for business. The fact that the ordinance was amended to permit gambling on a day, when gambling was not permitted on January 1, 1996, shall not be considered in determining whether there has been gambling in excess of that permitted by Section 19961.

(r) “House” means the gambling establishment, and any owner, shareholder, partner, key employee, or landlord thereof.

(s) “Independent agent,” except as provided by regulation, means any person who does either of the following:

- (1) Collects debt evidenced by a credit instrument.
- (2) Contracts with an owner licensee, or an affiliate thereof, to provide services consisting of arranging transportation or lodging for guests at a gambling establishment.

(t) “Initial license” means the license first issued to a person authorizing that person to commence the activities authorized by that license.

(t)

(u) “Institutional investor” means any retirement fund administered by a public agency for the exclusive benefit of federal, state, or local public employees, any investment company registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.), any collective investment trust organized by banks under Part Nine of the Rules of the Comptroller of the Currency, any closed-end investment trust, any chartered or licensed life insurance company or property and casualty insurance company, any banking and other chartered or licensed lending institution, any investment advisor registered under the Investment Advisors Act of 1940 (15 U.S.C. Sec. 80b-1 et seq.) acting in that

1 capacity, and other persons as the commission may determine for
2 reasons consistent with the policies of this chapter.

3 ~~(u)~~

4 (v) “Key employee” means any natural person employed in the
5 operation of a gambling enterprise in a supervisory capacity or
6 empowered to make discretionary decisions that regulate gambling
7 operations, including, without limitation, pit bosses, shift bosses,
8 credit executives, cashier operations supervisors, gambling
9 operation managers and assistant managers, managers or
10 supervisors of security employees, or any other natural person
11 designated as a key employee by the division for reasons consistent
12 with the policies of this chapter.

13 ~~(v)~~

14 (w) “Key employee license” means a state license authorizing
15 the holder to be associated with a gambling enterprise *employed*
16 as a key employee.

17 ~~(w)~~

18 (x) “License” means a gambling license or key employee license.

19 ~~(x)~~

20 (y) “Licensed gambling establishment” means the gambling
21 premises encompassed by a state gambling license.

22 ~~(y)~~

23 (z) “Limited partnership” means a partnership formed by two
24 or more persons having as members one or more general partners
25 and one or more limited partners.

26 ~~(z)~~

27 (aa) “Limited partnership interest” means the right of a general
28 or limited partner to any of the following:

29 (1) To receive from a limited partnership any of the following:

30 (A) A share of the revenue.

31 (B) Any other compensation by way of income.

32 (C) A return of any or all of his or her contribution to capital of
33 the limited partnership.

34 (2) To exercise any of the rights provided under state law.

35 ~~(aa) “Original license” means the license first issued to a person~~
36 ~~authorizing that person to commence the activities authorized by~~
37 ~~that license.~~

38 (ab) “Owner licensee” means an owner of a gambling enterprise
39 who holds a state gambling license.

1 (ac) “Person,” unless otherwise indicated, includes a natural
2 person, corporation, partnership, limited partnership, trust, joint
3 venture, association, or any other business organization.

4 (ad) “Player” means a patron of a gambling establishment who
5 participates in a controlled game.

6 (ae) “Player-dealer” and “controlled game featuring a
7 player-dealer position” refer to a position in a controlled game, as
8 defined by the approved rules for that game, in which seated player
9 participants are afforded the temporary opportunity to wager
10 against multiple players at the same table, provided that this
11 position is rotated amongst the other seated players in the game.

12 (af) “Publicly traded racing association” means a corporation
13 licensed to conduct horse racing and simulcast wagering pursuant
14 to Chapter 4 (commencing with Section 19400) whose stock is
15 publicly traded.

16 (ag) “Qualified racing association” means a corporation licensed
17 to conduct horse racing and simulcast wagering pursuant to Chapter
18 4 (commencing with Section 19400) that is a wholly owned
19 subsidiary of a corporation whose stock is publicly traded.

20 (ah) “Renewal license” means the license issued to the holder
21 of an ~~original~~ *initial* license that authorizes the license to continue
22 beyond the expiration date of the ~~original~~ *initial* license.

23 (ai) “Work permit” means any card, certificate, or permit issued
24 by the commission, or by a county, city, or city and county, whether
25 denominated as a work permit, registration card, or otherwise,
26 authorizing the holder to be employed as a gambling enterprise
27 employee or to serve as an independent agent. A document issued
28 by any governmental authority for any employment other than
29 gambling is not a valid work permit for the purposes of this chapter.

30 *SEC. 3. Section 19851 of the Business and Professions Code*
31 *is amended to read:*

32 19851. (a) The owner of a gambling enterprise shall apply for
33 and obtain a state gambling license.

34 (b) Other persons who also obtain a state gambling license, or
35 key employee license, as required by this chapter, shall not receive
36 a separate license certificate, but the license of every such person
37 shall be endorsed on the license that is issued to the owner of the
38 gambling enterprise.

39 (c) *Notwithstanding subdivision (b), this section shall not apply*
40 *to key employee licenses issued on or after July 1, 2008, or the*

1 *effective date of the process established pursuant to subdivision*
2 *(d) of Section 19854 to make key employee licenses personal and*
3 *portable, whichever is sooner.*

4 ~~SEC. 3.~~

5 SEC. 4. Section 19853 of the Business and Professions Code
6 is amended to read:

7 19853. (a) The commission, by regulation or order, may
8 require that the following persons register with the commission,
9 apply for a finding of suitability as defined in subdivision (i) of
10 Section 19805, or apply for a gambling license:

11 (1) Any person who furnishes any services or any property to
12 a gambling enterprise under any arrangement whereby that person
13 receives payments based on earnings, profits, or receipts from
14 controlled gambling.

15 (2) Any person who owns an interest in the premises of a
16 licensed gambling establishment or in real property used by a
17 licensed gambling establishment.

18 (3) Any person who does business on the premises of a licensed
19 gambling establishment.

20 (4) Any person who is an independent agent of, or does business
21 with, a gambling enterprise as a ticket purveyor, a tour operator,
22 the operator of a bus program, or the operator of any other type of
23 travel program or promotion operated with respect to a licensed
24 gambling establishment.

25 (5) Any person who provides any goods or services to a
26 gambling enterprise for compensation that the commission finds
27 to be grossly disproportionate to the value of the goods or services
28 provided.

29 (6) Every person who, in the judgment of the commission, has
30 the power to exercise a significant influence over the gambling
31 operation.

32 (b) The division may conduct any investigation it deems
33 necessary to determine whether a publicly traded corporation is,
34 or has, engaged in activities specified in paragraph (2), (3), or (4)
35 of subdivision (a), and shall report its findings to the commission.
36 If a publicly traded corporation is engaged in activities described
37 in paragraph (2), (3), or (4) of subdivision (a), the commission
38 may require the corporation and the following other persons to
39 apply for and obtain a license or finding of suitability:

40 (1) Any officer or director.

(2) Any owner, other than an institutional investor, of 5 percent or more of the outstanding shares of the corporation.

~~SEC. 4.~~

SEC. 5. Section 19854 of the Business and Professions Code is amended to read:

19854. (a) Every key employee shall apply for and obtain a key employee license.

(b) No person may be issued a key employee license unless the person would qualify for a state gambling license.

(c) A key employee license shall entitle the holder to work as a key employee in any key employee position at any gambling establishment, provided that the key employee terminates employment with one gambling establishment before commencing work for another.

(d) The commission shall establish a program for portable personal licenses for key employees, as well as a process by which valid key employee licenses then in effect shall be converted to personal portable licenses. The commission may, as part of that process, establish a fee to be paid by a key employee when seeking a personal portable license. The commission shall seek to implement the requirements imposed by this subdivision on or before July 1, 2008.

~~(d) A gambling establishment employing a key employee shall notify the commission when the employment of the key employee terminates.~~

~~(e) A licensed key employee shall notify the commission when transferring employment from one gambling establishment to another within 10 days after the transfer and shall report in writing, under penalty of perjury, the reasons for which the prior employment was terminated.~~

~~(f) On or before July 1, 2008, the commission shall adopt, by regulation, a transferable license for key employees. The commission may, as part of that regulation, establish a fee to be paid by a key employee when transferring employment.~~

~~SEC. 5.~~

SEC. 6. Section 19867 of the Business and Professions Code is amended to read:

19867. (a) An application for a license or a determination of suitability shall be accompanied by the deposit of a sum of money that, in the judgment of the director, will be adequate to pay the

1 anticipated costs and charges incurred in the investigation and
2 processing of the application. The director shall adopt a schedule
3 of costs and charges of investigation for use as guidelines in fixing
4 the amount of any required deposit under this section. The schedule
5 shall distinguish between ~~original~~ *initial* and renewal licenses with
6 respect to costs and charges.

7 (b) During an investigation, the director may require an applicant
8 to deposit any additional sums as are required by the division to
9 pay final costs and charges of the investigation.

10 (c) Any money received from an applicant in excess of the costs
11 and charges incurred in the investigation or the processing of the
12 application shall be refunded pursuant to regulations adopted by
13 the division. At the conclusion of the investigation, the director
14 shall provide the applicant a written, itemized accounting of the
15 costs and charges thereby incurred.

16 ~~SEC. 6.~~

17 *SEC. 7.* Section 19876 of the Business and Professions Code
18 is amended to read:

19 19876. (a) Subject to the power of the commission to deny,
20 revoke, suspend, condition, or limit any license, as provided in
21 this chapter, a license shall be renewed upon application for
22 renewal and payment of state gambling fees as required by statute
23 or regulation. Licenses renewed on or before July 31, 2008, shall
24 be for the renewal period in effect at the time of the renewal but
25 shall not expire any sooner than 15 months after the approval of
26 the renewal application. Licenses renewed on or after August 1,
27 2008, shall expire 24 months after the date of the approval of the
28 renewal application or after the expiration of the prior license,
29 whichever is later. ~~If the renewal term for a license commences~~
30 ~~after the expiration date of the prior license, the licensee shall pay,~~
31 ~~in addition to the application fee, an amount equal to one-twelfth~~
32 ~~of the application fee for each month between the expiration date~~
33 ~~of the prior license and the effective date of the renewed license.~~
34 ~~Additionally, all licensees shall pay any state gambling fee set~~
35 ~~forth in Section 19951, regardless of the renewal term. is later.~~

36 (b) An application for renewal of a gambling license shall be
37 filed by the owner licensee *or key employee* with the commission
38 no later than 120 calendar days prior to the expiration of the current
39 license. The commission shall act upon any application for renewal
40 prior to the date of expiration of the current license. Upon renewal

1 of any owner license, the commission shall issue an appropriate
2 renewal certificate or validating device or sticker.

3 (c) Unless the commission determines otherwise, renewal of an
4 owner's gambling license shall be deemed to effectuate the renewal
5 of every other gambling license endorsed thereon.

6 (d) In addition to the penalties provided by law, any owner
7 licensee who deals, operates, carries on, conducts, maintains, or
8 exposes for play any gambling game after the expiration date of
9 the gambling license is liable to the state for all license fees and
10 penalties that would have been due upon renewal.

11 (e) If an owner licensee fails to renew the gambling license as
12 provided in this chapter, the commission may order the immediate
13 closure of the premises and a cessation of all gambling activity
14 therein until the license is renewed.

15 *SEC. 8. Section 19951 of the Business and Professions Code*
16 *is amended to read:*

17 19951. (a) Every application for a license or approval shall be
18 accompanied by a nonrefundable fee of ~~the amount of which shall~~
19 *be adopted by regulation on or before January 1, 2009. The*
20 *adopted fee shall not exceed one thousand two hundred dollars*
21 *(\$1,200). Prior to adoption of the regulation, the nonrefundable*
22 *application fee shall be five hundred dollars (\$500).*

23 (b) (1) Any fee paid pursuant to this section, including all
24 licenses issued to key employees and other persons whose names
25 are endorsed upon the license, shall be assessed against the
26 gambling license issued to the owner of the gambling
27 establishment. *This paragraph shall not apply to key employee*
28 *licenses issued on and after January 1, 2009, or the implementation*
29 *of regulations establishing a personal key employee license adopted*
30 *pursuant to Section 19854, whichever is sooner.*

31 (2) (A) The fee for initial issuance of a state gambling license
32 shall be an amount determined by the commission in accordance
33 with regulations adopted pursuant to this chapter.

34 (B) The fee for the renewal of a state gambling license shall be
35 determined pursuant to the schedule in subdivision (c) or the
36 schedule in subdivision (d), whichever amount is greater.

37 (C) The holder of a provisional license shall pay an annual fee
38 pursuant to the schedule in subdivision (c).

39 (c) The schedule based on the number of tables is as follows:

1 (1) For a license authorizing one to five tables, inclusive, at
2 which games are played, three hundred dollars (\$300) for each
3 table.

4 (2) For a license authorizing six to eight tables, inclusive, at
5 which games are played, five hundred fifty dollars (\$550) for each
6 table.

7 (3) For a license authorizing 9 to 14 tables, inclusive, at which
8 games are played, one thousand three hundred dollars (\$1,300) for
9 each table.

10 (4) For a license authorizing 15 to 25 tables, inclusive, at which
11 games are played, two thousand seven hundred dollars (\$2,700)
12 for each table.

13 (5) For a license authorizing 26 to 70 tables, inclusive, at which
14 games are played, four thousand dollars (\$4,000) for each table.

15 (6) For a license authorizing 71 or more tables at which games
16 are played, four thousand seven hundred dollars (\$4,700) for each
17 table.

18 (d) Without regard to the number of tables at which games may
19 be played pursuant to a gambling license, if, at any time of any
20 license renewal, or when a licensee is required to pay the fee
21 described in subparagraph (C) of paragraph (2) of subdivision (b)
22 it is determined that the gross revenues of an owner licensee during
23 the licensee's previous fiscal year fell within the following ranges,
24 the annual fee shall be as follows:

25 (1) For a gross revenue of two hundred thousand dollars
26 (\$200,000) to four hundred ninety-nine thousand nine hundred
27 ninety-nine dollars (\$499,999), inclusive, the amount specified by
28 the division pursuant to paragraph (2) of subdivision (c).

29 (2) For a gross revenue of five hundred thousand dollars
30 (\$500,000) to one million nine hundred ninety-nine thousand nine
31 hundred ninety-nine dollars (\$1,999,999), inclusive, the amount
32 specified by the division pursuant to paragraph (3) of subdivision
33 (c).

34 (3) For a gross revenue of two million dollars (\$2,000,000) to
35 nine million nine hundred ninety-nine thousand nine hundred
36 ninety-nine dollars (\$9,999,999), inclusive, the amount specified
37 by the division pursuant to paragraph (4) of subdivision (c).

38 (4) For a gross revenue of ten million dollars (\$10,000,000) to
39 twenty-nine million nine hundred ninety-nine thousand nine

1 hundred ninety-nine dollars (\$29,999,999), the amount specified
2 by the division pursuant to paragraph (5) of subdivision (c).

3 (5) For a gross revenue of thirty million dollars (\$30,000,000)
4 or more, the amount specified by the division pursuant to paragraph
5 (6) of subdivision (c).

6 (e) The commission may provide for payment of the annual
7 gambling license fee on an annual or installment basis.

8 (f) For the purposes of this section, each table at which a game
9 is played constitutes a single game table.

10 (g) It is the intent of the Legislature that the fees paid pursuant
11 to this section are sufficient to enable the division and the
12 commission to fully carry out their duties and responsibilities under
13 this chapter.

14 ~~SEC. 7:~~

15 *SEC. 9.* Section 336.5 is added to the Penal Code, to read:

16 336.5. Gaming chips may be used on the gaming floor by a
17 patron of a gambling establishment, as defined in subdivision (m)
18 of Section 19805 of the Business and Professions Code, to pay for
19 food and beverage items that are served at the table.

20 ~~SEC. 8: No reimbursement is required by this act pursuant to~~
21 ~~Section 6 of Article XIII B of the California Constitution because~~
22 ~~the only costs that may be incurred by a local agency or school~~
23 ~~district will be incurred because this act creates a new crime or~~
24 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
25 ~~for a crime or infraction, within the meaning of Section 17556 of~~
26 ~~the Government Code, or changes the definition of a crime within~~
27 ~~the meaning of Section 6 of Article XIII B of the California~~
28 ~~Constitution.~~